

Message Text

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INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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DEPT PASS COMMERCE FOR GARNITZ

C O R R E C T E D COPY: GARBLED TEXT

E.O. 11652: N/A

TAGS: BEXP, BR

SUBJECT: PROPOSED UE TRADE CENTER IN SAO PAULO

1. COMMERICAL COUNSELOR AND CONSUL GENERAL SAO PAULO HAVE APPOINTMENT 11:00 AM JANUARY 20 TO DELIVER FOLLOWING NOTE TO MINISTRY OF EXTERNAL RELATIONS. PLEASE COMMENT AND SEND APPROVAL VIA NIACT IMMEDIATE.

2. BEGIN TEXT

THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF EXTERNAL RELATIONS AND HAS THE HONOR TO INFORM THE MINISTRY THAT THE U.S. DEPARTMENT OF COMMERCE IS PLANNING, SUBJECT TO THE AGREEMENT OF THE GOVERNMENT OF BRAZIL, TO ESTABLISH IN SAO PAULO A PERMANENT COMMERICAL EXHIBITION FACILITY.

THE U.S. GOVERNMENT HAS LONG CONSIDERED SUCH A FACILITY IN SAO PAULO TO BE OF MAJOR IMPORTANCE TO US-BRAZILIAN RELATIONS AND BELIEVES THAT IT COULD PROVE TO BE OF GREAT VALUE TO BRAZILIAN AS WELL AS AMERICAN BUSINESSMEN AS A
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SOURCE OF BUSINESS INFORMATION AND OPPORTUNITIES.

THIS PERMANENT FACILITY, WHICH WOULD BE KNOWN AS THE UNITED STATES TRADE CENTER, WOULD EMPHASIZE THE INTEREST OF BRAZILIAN BUSINESS IN EXPANDING ITS INDUSTRIAL BASE. AN EFFORT WOULD BE MADE TO DISPLAY ONLY PRODUCTS WHICH DO NOT COMPETE WITH THOSE OF BRAZILIAN MANUFACTURE. THE NEWEST DEVELOPMENTS IN U.S. INDUSTRY WOULD BE SHOWN THROUGH PRESENTATIONS OF EQUIPMENT AND TECHNIQUES, OR BY SYMPOSIA ON TECHNICAL AND SCIENTIFIC SUBJECTS.

THE TRADE CENTER WOULD ALSO CONTRIBUTE, THROUGH ITS PROGRAM OF EXHIBITIONS, TO THE TRANSFER OF TECHNOLOGY. IT IS EXPECTED THAT SEVERAL EXHIBITIONS A YEAR WOULD BE STAGED IN THE TRADE CENTER, SUPPORTED BY MARKET RESEARCH WHICH HAD INDICATED AN INTEREST IN THE PRODUCTS OR SERVICES TO BE EXHIBITED.

IN ADDITION, THE TRADE CENTER WOULD ALSO PLAN TO INVITE TO MAJOR EVENTS BUSINESSMEN FROM NEIGHBORING COUNTRIES, WHICH WOULD HAVE THE TWO-FOLD BENEFIT OF PROMOTING TOURISM TO BRAZIL AND PROVIDING OPPORTUNITIES FOR THE PROMOTION OF BRAZILIAN BUSINESS.

THE OPERATION OF THIS TRADE CENTER WOULD REQUIRE THE FOLLOWING:

1) IN-BOND CUSTOMS WAREHOUSE STATUS FOR THE TRADE CENTER. SUCH STATUS WOULD PERMIT EQUIPMENT AND PRODUCTS, INCLUDING ANCILLARY MATERIALS ESSENTIAL FOR THE DISPLAY, TO BE IMPORTED WITHOUT THE REQUIRED IMPORT LICENSES AND IMPORT DUTIES UNTIL SUCH TIME AS THE GOODS ARE NATIONALIZED. GOODS NOT SOLD IN BRAZIL WOULD EITHER BE RE-EXPORTED OR DESTROYED.

2) SUSPENSION OF FEES AND TAXES OTHER THAN IMPORT DUTIES, SUCH AS THE PORT IMPROVEMENT TAX AND THE MERCHANT MARINE TAX, ON SUCH EQUIPMENT AND PRODUCTS, INCLUDING ANCILLARY MATERIALS, UNTIL SUCH TIME AS THE GOODS ARE NATIONALIZED.

3) TREATMENT OF TRADE CENTER PERSONNEL AND PREMISES AS PART OF THE AMERICAN CONSULATE GENERAL IN SAO PAULO.

THE EMBASSY WISHES TO POINT OUT, WITH RESPECT TO THE QUESTION OF RECIPROCITY, THAT UNDER THE U.S. TRADE FAIR ACT OF 1959, OPERATORS OF TRADE EXHIBITIONS IN THE UNITED STATES AT WHICH FOREIGN GOODS ARE DISPLAYED MAY BE GRANTED DUTY AND TAX FREE ENTRY UNDER BONDED PROCEDURES FOR SUCH GOODS PRO-

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VIDED APPLICATION IS MADE TO AN APPROVED BY THE DEPARTMENT OF COMMERCE. FOREIGN GOVERNMENTS SPONSORING TRADE EXHIBITIONS IN THE UNITED STATES MAY APPLY THROUGH THEIR EMBASSIES FOR DESIGNATION AS OPERATORS OF FAIRS UNDER THE ACT. FURTHERMORE, TRADE CENTERS OPERATED BY FOREIGN GOVERNMENTS IN THE UNITED STATES MAY QUALIFY AS TRADE FAIRS TO RECEIVE THE PRIVILEGES AFFORDED BY THE ACT.

THE UNITED STATES GOVERNMENT WOULD APPRECIATE THE

APPROVAL OF THE GOVERNMENT OF BRAZIL FOR THE ESTABLISHMENT OF THE PROPOSED TRADE CENTER AND OF THE FOREGOING REQUESTS CONCERNING THE STATUS OF THIS FACILITY, AND HOPES THAT THE MINISTRY WILL BE ABLE TO GIVE EARLY AND FAVORABLE CONSIDERATION TO THIS MATTER.

THE EMBASSY OF THE UNITED STATES OF AMERICA AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE MINISTRY OF EXTERNAL RELATIONS THE ASSURANCES OF ITS HIGHERST CONSIDERATION. END TEXT.

3. ACTION REQUESTED: THE EMBASSY WOULD APPRECIATE CLEARANCE BY THE DEPARTMENT AND COMMERCE OF THIS LANGUAGE, WHICH DRAWS HEAVILY ON THE MEXICAN NOTE, BEFORE THE NOTE IS SUBMITTED TO THE FOREIGN MINISTRY. IN PARTICULAR, THE DEPARTMENT WILL NOTE THE PROPOSED ASSURANCES CONCERNING THE NATURE OF THE PROSPECTIVE EXHIBITIONS (DRAWN FROM THE MEXICAN EXAMPLE). GIVEN THE INCREASING SENSITIVITY HERE OVER THE BALANCE OF PAYMENTS AND THE STRONGLY NEGATIVE ATTITUDE TOWARD PERMITTING THE IMPORTATIO OF ITEMS WHICH CAN BE PRODUCED IN BRAZIL ("LAW OF SIMILARS") SUCH ASSURANCES, IF THEY CAN BE GIVEN, WOULD BE VERY HELPFUL IN OBTAINING THE DESIRED APPROVALS.

4. EMBASSY REGRETS THE TIGHT DEADLINE. IF POSSIBLE, WE WISH TO TAKE ADVANTAGE OF THE PRESENCE OF THE COMMERCIAL COUNSELOR AND THE CONSUL GENERA IN BRASILIA (HERE PRESENTLY FOR A MEETING OF THE CCAG) TO DISCUSS THIS REQUEST THOROUGHLY WITH THE BRAZILIAN AUTHORITIES.
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